

Employee Retirement Systems Overview

Fairfax County Employee Retirement Systems include the Uniformed Retirement System (Fund 600), the Fairfax County Employees' Retirement System (Fund 601), and the Police Officers Retirement System (Fund 602). Each of these systems is funded from employees' contributions based on a fixed percentage of pay, County contributions based on a variable percentage of employee pay as determined by actuarial analysis, and return on investments. In order to assure the continued soundness of each fund, an actuarial valuation is conducted annually and, if appropriate, an adjustment is made to the employer's contribution rate.

For the Uniformed Retirement Trust Fund and the Police Officers Retirement Trust Fund, the full amount of the employer's contribution comes from Agency 89, Employee Benefits, in the County's General Fund. For the Fairfax County Employees' Retirement Trust Fund, the employer's contribution comes from two sources: Agency 89, Employee Benefits, for County employees; and Fairfax County Public Schools (FCPS) for school employees.

Based on the annual actuarial valuation, the employer's contribution rate for FY 2005 for each of the three funds are as follows:

Fund	FY 2004 Employer Contribution Rates (%)	FY 2005 Rates (%)	Percentage Change (%)	Net General Fund Impact
Uniformed Retirement	21.90	24.30	2.40	\$2,844,771
Fairfax County Employees' Retirement	6.13	8.08	1.95	\$5,115,172
Police Officers Retirement	17.62	17.96	0.34	\$286,436
Total				\$8,246,379

Following the currently effective actuarial funding policy, contribution rates are adjusted only to fund approved benefit enhancements and to recognize funding adjustments required when the funding ratio falls below 90 percent or rises above 120 percent. The increase in the rate for the Employees' System is based on the funding ratio falling below 90 percent which requires an increase of 1.95 percent in the employer contribution to amortize the unfunded liability amount below the 90 percent threshold. The increase in the Police Officers rate is due to the adoption of the Deferred Retirement Option Program (DROP). The increase in the Uniformed rate results from both the DROP program and an average special increase of 12 percent for pre-March 2002 retirees. It should be noted that, both the Police Officers and Uniformed Systems retain funding ratios within the 90 to 120 percent corridor.

Employee Retirement Systems Overview

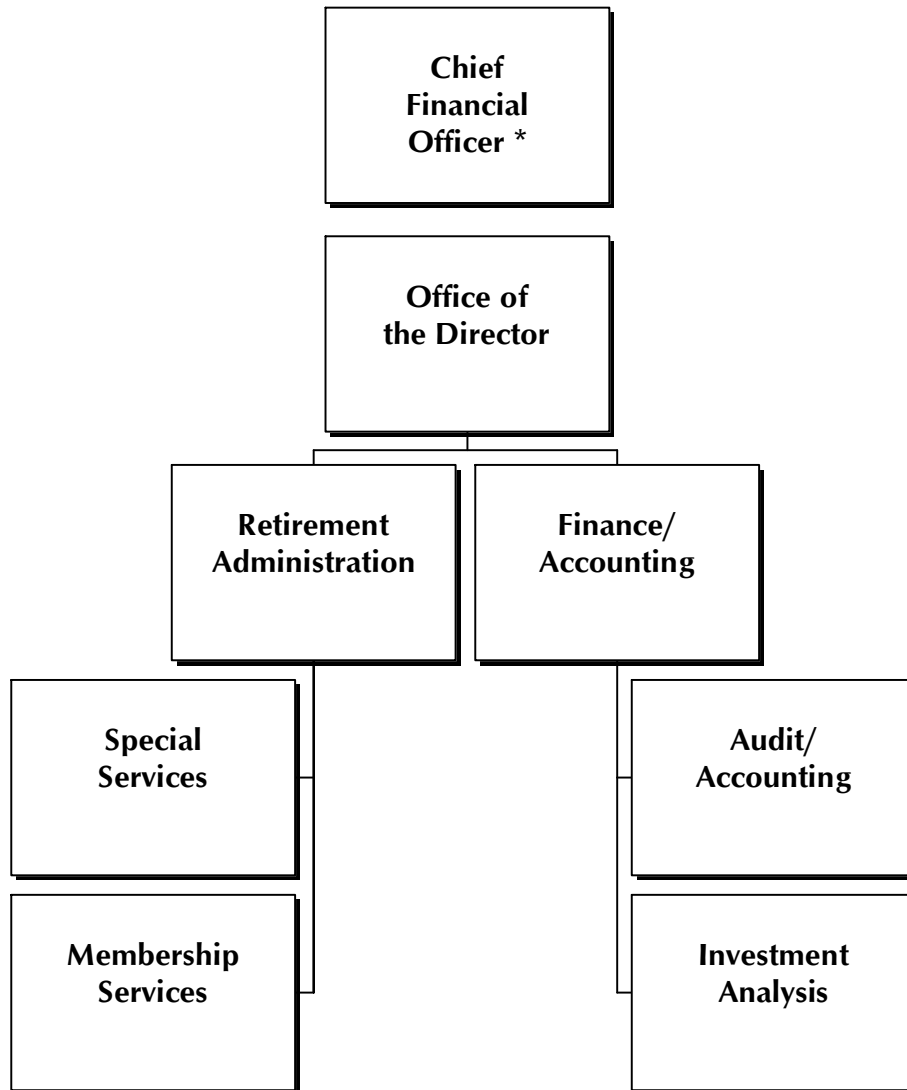
The following table displays relevant information about each retirement system:

EMPLOYEES COVERED					
Uniformed Retirement		Fairfax County Employees' Retirement		Police Officers Retirement	
Fire and Rescue Personnel; Uniformed Office of Sheriff employees; Game and Animal Wardens; Helicopter Pilots.		County employees not covered under Uniformed or Police Officers System; certain FCPS employees including food service, custodial, bus drivers, part-time and substitute teachers, maintenance staff.		Fairfax County Police Officers.	
CONDITIONS OF COVERAGE					
Uniformed Retirement		Fairfax County Employees' Retirement		Police Officers Retirement	
At age 55 with 6 years of service or after 25 years of service.		At age 65 with 5 years of service or earlier when age and years of service combined equal 80 or, for reduced "early retirement" benefits, 75. Not before age 50.		At age 55 or after 20 years of police service if hired before 7/1/81; or 25 years of service if hired on or after 7/1/81.	
EMPLOYEE CONTRIBUTION					
	Uniformed Retirement		Fairfax County Employees' Retirement		Police Officers Retirement
	Plan A	Plan B	Plan A	Plan B	12.00% of Pay
Up to Wage Base	4.00%	7.08%	4.00%	5.33%	
Above Wage Base	5.33%	8.83%	5.33%	5.33%	
Plan C	4.00%				
Plan D	7.08%				
EMPLOYER CONTRIBUTION					
Rate Structure / FY 2005					
Uniformed Retirement		Fairfax County Employees' Retirement		Police Officers Retirement	
24.30% \$24,856,554		County 8.08% / \$32,531,288 Schools 8.08% / \$11,846,100		17.96% \$14,490,407	

Employee Retirement Systems Overview

INVESTMENT MANAGERS AS OF JUNE 30, 2003		
Uniformed Retirement	Fairfax County Employees' Retirement	Police Officers Retirement
<ul style="list-style-type: none"> ▪ Barclays Global Investors ▪ Cohen & Steers Capital Management ▪ Harbourvest Partners ▪ J.L Kaplan Associates, L.L.C. ▪ JP Morgan Investment Management ▪ Pantheon Ventures ▪ Pacific Investment Management Co. ▪ Lazard Asset Management ▪ Marathon-London ▪ Peregrine Capital Management ▪ Mellon Bond Associates ▪ Payden & Rygel Investment Counsel ▪ State Street Global Advisors ▪ Schroder Capital Management International, Inc. ▪ Standish Mellon ▪ Trust Company of the West ▪ UBS Global Asset Management ▪ Wasatch Advisors 	<ul style="list-style-type: none"> ▪ Barclays Global Investors ▪ Brandywine Asset Management ▪ Bridgewater Associates ▪ The Clifton Group ▪ Cohen & Steers Capital Management, Inc. ▪ DSI International ▪ JP Morgan Investment Management, Inc. ▪ Lazard Asset Management ▪ MacKay Shields ▪ Mellon Bond Associates ▪ M.W. Post Advisory Group, L.L.C. ▪ Payden and Rygel Investment Counsel ▪ Peregrine Capital Management ▪ Shenkman Capital Management ▪ Standish Mellon ▪ Trust Company of the West ▪ Robert E. Torray & Co., Inc. ▪ Thompson Hortstman and Bryant ▪ Wanger Asset Management, L.P. 	<ul style="list-style-type: none"> ▪ Capital Guardian Trust Co. ▪ Cohen & Steers Capital Management, Inc. ▪ Credit Suisse Asset Management ▪ Dodge & Cox, Inc. ▪ Robert E. Torray & Co., Inc. ▪ Janus Capital ▪ Oak Associates ▪ Pacific Investment Management Co. ▪ Peregrine Capital Management ▪ Standish Mellon ▪ Systematic Financial ▪ Trust Company of the West ▪ Veredus Asset Management

Retirement Administration Agency



* The Chief Financial Officer has a liaison role for strategic direction and oversight of this agency; however, for budget purposes, that position and associated funding are reflected within the Department of Management and Budget.

Retirement Administration Agency

Mission

As an agent of the Boards of Trustees of the Employees', Police Officers, and Uniformed Retirement Systems, the mission of the Retirement Administration Agency is to administer the Systems according to the terms established by the County of Fairfax and to do so in a manner that:

- ◆ Safeguards and invests the assets of the Systems;
- ◆ Maximizes cost effectiveness of the retirement programs by optimizing long-term investment returns within an acceptable level of variation in required funding and by maintaining efficient administrative operations;
- ◆ Maximizes the value of retirement plans in retaining county personnel through communications, education and counseling programs and by providing quality service;
- ◆ Fulfills the obligations of the Systems to retirees by providing timely and accurate payments and by providing quality service, and;
- ◆ Provides technical support and advice to County Management and the Board of Supervisors regarding retirement benefits.

Focus

The Retirement Administration Agency contributes to the County's Corporate Stewardship through sound management of County resources and assets. To accomplish its specific mission, the Retirement Agency will focus on:

- ◆ Support for the Boards of Trustees
- ◆ Services to active employees and retirees
- ◆ Accurate accounting and control of plan assets
- ◆ Accuracy of data
- ◆ Cost efficiency of processes
- ◆ Investment return and risk control

Under the direction of the Boards of Trustees for the Police Officers Retirement, Fairfax County Employees' Retirement, and Uniformed Retirement Systems, the Retirement Administration Agency processes benefit payments to eligible Fairfax County retirees and beneficiaries. The agency also processes payments for the retiree health benefit subsidy from the Retiree Health Benefits Fund and provides counseling and comprehensive information pertaining to benefits to active and retired County employees.

THINKING STRATEGICALLY


Strategic issues to be addressed by the Agency include:

- Re-evaluating investment strategies in response to volatile capital markets and an uncertain economic environment;
- Monitoring the success of the corridor policy to make certain that plans are adequately funded for the long term; and
- Reviewing processes to identify opportunities to streamline operations and improve efficiency of services.

Retirement Administration Agency

The agency receives revenues from various sources, including employee and employer contributions to the various retirement systems, employee payback, and return on investments, to finance the three Employee Retirement Systems. Employee contributions are based on a fixed percentage of pay and employer contributions are based on a variable percentage of employee pay as determined by actuarial analysis. Employer contributions for the Uniformed and Police Officer Retirement Systems come solely from Agency 89, Employee Benefits, in the County's General Fund. For the Employees' Retirement System, employer contributions come from Agency 89, Employee Benefits, for County employees and Fairfax County Public Schools (FCPS) for school employees. Adjustments are made to the employer's contribution rate only to fund approved benefit enhancements and to recognize funding adjustments required when the funding ratio falls out of the 90-120 percent funding corridor. In FY 2005, employer contributions for the Uniformed and Police Officer Retirement Systems are increased to reflect the implementation of the DROP Program. In addition the Uniformed System employer contribution rate also increases based on the implementation of a 12 percent benefit enhancement. Employer contributions for the Employees' Retirement System are increased in response to the funding ratio for the fund falling below 90 percent. Some revenues are also generated through employee payback, a process by which employees who have left the County can make a "payback" contribution and return to their previous standing in the retirement system upon their return to County employment. Additionally, significant revenues are achieved through returns on fund investments. Revenue projections are based on an assumed actuarial rate of return of 7.5 percent. An actuarial valuation is conducted annually for each of the three funds to assure the continued soundness of the retirement systems.

New Initiatives and Recent Accomplishments in Support of the Fairfax County Vision

 Corporate Stewardship	Recent Success	FY 2005 Initiative	Cost Center												
Developed and obtained adoption of a revised funding methodology that further stabilized the required employer contributions to the retirement systems.	<input checked="" type="checkbox"/>		Agencywide												
<div>Achieved strong investment returns in FY 2003 compared to the other public retirement systems. Percentile ranking of returns for FY 2003 and the three years ending FY 2003 by system were as follows:</div> <table><thead><tr><th></th><th>One Year</th><th>Three Years</th></tr></thead><tbody><tr><td>Employees' System</td><td>15th</td><td>12th</td></tr><tr><td>Police Officers System</td><td>23rd</td><td>34th</td></tr><tr><td>Uniformed System</td><td>15th</td><td>25th</td></tr></tbody></table>		One Year	Three Years	Employees' System	15 th	12 th	Police Officers System	23 rd	34 th	Uniformed System	15 th	25 th	<input checked="" type="checkbox"/>		Agencywide
	One Year	Three Years													
Employees' System	15 th	12 th													
Police Officers System	23 rd	34 th													
Uniformed System	15 th	25 th													
Absorbed an increase in the number of retirees of 32% over the last five years with no increase in agency staffing.	<input checked="" type="checkbox"/>		Agencywide												
Conduct asset/liability analyses and continue to support the Boards of Trustees in the implementation of investment strategies designed to improve risk adjusted returns and to minimize the long-term funding required to provide competitive retirement benefits.		<input checked="" type="checkbox"/>	Agencywide												
Upgrade and/or replace databases and processing systems required to maintain records, calculate benefits and issue benefit payments.		<input checked="" type="checkbox"/>	Agencywide												

Retirement Administration Agency

Budget and Staff Resources



Agency Summary ¹					
Category	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	21/ 21	22/ 22	22/ 22	22/ 22	22/ 22
Expenditures:					
Personnel Services	\$3,429,777	\$4,583,337	\$4,583,337	\$4,970,438	\$5,361,913
Operating Expenses	149,308,388	168,643,483	172,854,413	192,371,641	192,371,641
Capital Equipment	0	0	0	0	0
Total Expenditures	\$152,738,165	\$173,226,820	\$177,437,750	\$197,342,079	\$197,733,554

¹ The table above includes all of the three County retirement funds (Funds 600, 601, and 602) as well as the Retiree Health Benefits Fund (Fund 500) which are administered by this Agency and to which all costs of agency administration are apportioned. Further details on Fund 500, including the fund statement, may be found under the Internal Service Fund section in this volume.

Position Summary		
<u>OFFICE OF THE DIRECTOR</u>	<u>Special Services</u>	<u>FINANCE/ACCOUNTING</u>
1 Executive Director	1 Programmer Analyst III	1 Investment Manager
1 Administrative Assistant II	1 Programmer Analyst II	
	1 Information Officer II	<u>Audit/Accounting</u>
<u>RETIREMENT ADMINISTRATION</u>	<u>Membership Services</u>	1 Accountant II ¹
1 Retirement Administrator	1 Accountant II	1 Administrative Assistant III
1 Administrative Assistant I	1 Management Analyst II	
	3 Retirement Counselors	<u>Investment Analysis</u>
	1 Administrative Assistant III	1 Senior Investment Manager
	4 Administrative Assistants II	1 Investment Analyst
<u>TOTAL POSITIONS</u>		
22 Positions / 22.0 Staff Years		

¹ 1/1.0 SYE Accountant II is financed by Fund 500, Retiree Health Benefits. All remaining 21/21.0 SYE positions are financed jointly by the three retirement trust funds (Fund 600, Fund 601, and Fund 602).

FY 2005 Funding Adjustments

The following funding adjustments from the FY 2004 Revised Budget Plan are necessary to support the FY 2005 program:

- ◆ **Employee Compensation** **\$72,107**
An increase of \$72,107 in Personnel Services associated with salary adjustments necessary to support the County's compensation program. Note: This includes an increase of \$3,316 associated with the 1/1.0 SYE position supported by Fund 500, Retiree Health Benefits.
- ◆ **Retiree Health Subsidy Payments** **\$315,000**
An increase of \$315,000 in Personnel Services associated with retiree health benefit payments. For further information please refer to the Fund 500, Retiree Health Benefits narrative in the Internal Service Fund section of Volume 2.
- ◆ **Benefit Payments** **\$19,399,640**
A net increase of \$19,399,640 in Operating Expenses reflects increased payments of \$18,155,116 to retirees due to a higher number of retirees and higher individual payment levels, an increase in the allowance for refunds of \$766,000 based on projected turnover of active members, and an increase in payments to beneficiaries of \$478,524.

Retirement Administration Agency

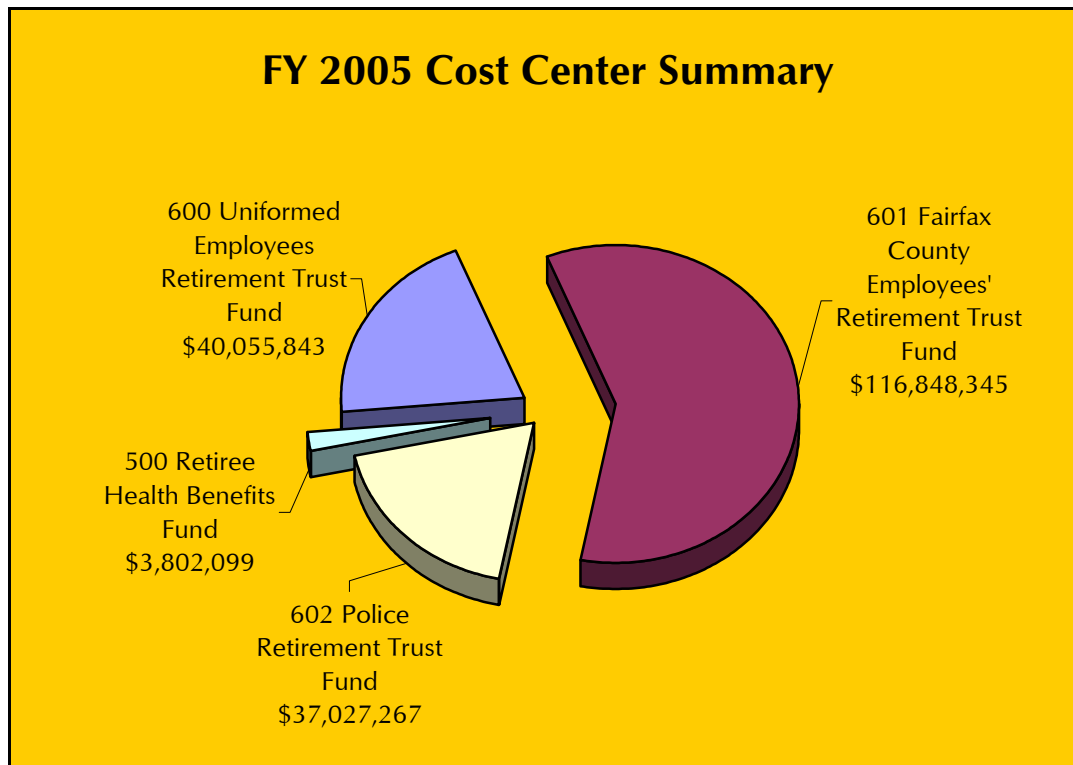
- ◆ **Investment Management Fees** **\$2,726,699**
A net increase of \$2,726,699 in Operating Expenses reflects an increase in investment management fees due to the projected growth in assets and the investment strategies adopted by the Boards of Trustees.
- ◆ **Technology** **\$1,500,000**
A net increase of \$1,500,000 in Operating Expenses due to the need to purchase a new benefit administration system.
- ◆ **Consulting Fees** **\$54,863**
A net increase of \$54,863 in Operating Expenses due to increased investment consulting expenses primarily due to the retention of a new consultant for the Uniformed System.
- ◆ **Medical Examination Fees** **\$54,500**
A net increase of \$54,500 in Operating Expenses due to increased medical examination fees as a result of no longer receiving services from the Health Department for reviewing disability retirement applications and re-evaluations free of charge.
- ◆ **Other Operating Expenses** **(\$14,980)**
A net decrease of \$14,980 in Operating Expenses from the total of all other sources not listed above.

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2005 Advertised Budget Plan, as approved by the Board of Supervisors on April 26, 2004:

- ◆ The Board of Supervisors made no adjustments to the Uniformed (Fund 600), Fairfax County Employees' (Fund 601), or Police Officers (Fund 602) Retirement Systems.
- ◆ **Retiree Health Subsidy Payments** **\$391,475**
An increase of \$391,475 in Personnel Services associated with revisions to retiree health benefit payments to partially or completely offset the Medicare reduction at age 65 for retirees with 15 or more years of service. For further information please refer to the Fund 500, Retiree Health Benefits narrative in the Internal Service Fund section of Volume 2.

Retirement Administration Agency



Changes to FY 2004 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2004 Revised Budget Plan since passage of the FY 2004 Adopted Budget Plan. Included are all adjustments made as part of the FY 2003 Carryover Review and all other approved changes through December 31, 2003:

◆ **Carryover Adjustments**

\$7,430

As part of the FY 2003 Carryover Review, the Board of Supervisors approved encumbered carryover funding of \$7,430 in Operating Expenses to cover the cost of general office expenses.

The following funding adjustments reflect all approved changes to the FY 2004 Revised Budget Plan from January 1, 2004 through April 19, 2004. Included are all adjustments made as part of the FY 2004 Third Quarter Review:

◆ **Third Quarter Adjustments**

\$4,203,500

As part of the FY 2004 Third Quarter Review, the Board of Supervisors approved additional funding of \$1,721,842 to cover benefit payments and \$2,481,658 to cover higher than anticipated investment management fees due to excellent market returns for Fund 601, Fairfax County Employees' Retirement Trust Fund.

Key Performance Measures

Objectives

- ◆ To maintain at 100 percent the number of retiree benefit payments processed on time.
- ◆ To achieve at least a 7.5 percent return on investment over rolling three year periods.
- ◆ To achieve realized return on investment commensurate with the S&P 500 Index and the Lehman Brothers Aggregate Bond Index.

Retirement Administration Agency

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate/Actual	FY 2004	FY 2005
Output:					
Members: Fairfax County Employees (1)	17,127	17,532	17,669 / 18,608	17,827	19,115
Members: Uniformed	2,177	2,286	2,299 / 2,403	2,381	2,511
Members: Police Officers	1,752	1,815	1,847 / 1,922	1,921	1,995
Return on investment: Fairfax County Employees	(\$4,202,736)	(\$69,320,270)	\$142,908,903 / \$97,159,091	\$135,000,817	\$138,367,690
Return on investment: Uniformed	(\$17,073,855)	(\$30,009,656)	\$51,711,932 / \$36,447,345	\$49,513,911	\$52,391,049
Return on investment: Police Officers	(\$16,641,031)	(\$28,285,518)	\$48,625,737 / \$25,914,598	\$45,720,736	\$46,461,410
Efficiency:					
Cost per member: Fairfax County Employees	\$43	\$43	\$46 / \$41	\$45	\$47
Cost per member: Uniformed	\$107	\$99	\$114 / \$101	\$109	\$119
Cost per member: Police Officers	\$136	\$114	\$138 / \$121	\$131	\$132
Investment costs as a percent of assets: Fairfax County Employees (2)	0.28%	0.34%	0.48% / 0.44%	0.44%	0.50%
Investment costs as a percent of assets: Uniformed	0.27%	0.26%	0.44% / 0.44%	0.50%	0.58%
Investment costs as a percent of assets: Police Officers	0.45%	0.42%	0.47% / 0.45%	0.47%	0.54%
Service Quality:					
Percent of retiree checks issued within schedule time frame: Fairfax County Employees	100%	100%	100% / 100%	100%	100%
Percent of retiree checks issued within schedule time frame: Uniformed	100%	100%	100% / 100%	100%	100%
Percent of retiree checks issued within schedule time frame: Police Officers	100%	100%	100% / 100%	100%	100%
Return compared to assumed actuarial rate (7.5%): Fairfax County Employees	(0.19%)	(3.90%)	7.50% / 5.88%	7.50%	7.50%
Return compared to assumed actuarial rate (7.5%): Uniformed	(2.58%)	(4.63%)	7.50% / 5.92%	7.50%	7.50%
Return compared to assumed actuarial rate (7.5%): Police Officers	(2.72%)	(4.75%)	7.50% / 4.63%	7.50%	7.50%
Large cap domestic equity return compared to S&P 500 Index: S&P 500 Index	(14.83%)	(17.97%)	NA / 0.26%	NA	NA

Retirement Administration Agency

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate/Actual	FY 2004	FY 2005
Large cap domestic equity return compared to S&P 500 Index: Fairfax County Employees	(14.01%)	(17.65%)	NA / 3.86%	NA	NA
Large cap domestic equity return compared to S&P 500 Index: Uniformed	(13.28%)	(17.60%)	NA / 1.71%	NA	NA
Large cap domestic equity return compared to S&P 500 Index: Police Officers	(18.20%)	(19.17%)	NA / 5.40%	NA	NA
Fixed income return compared to the Lehman Aggregate Bond Index: Lehman Aggregate Bond Index	11.23%	8.63%	NA / 10.40%	NA	NA
Fixed income return compared to the Lehman Aggregate Bond Index: Fairfax County Employees	11.20%	8.87%	NA / 12.36%	NA	NA
Fixed income return compared to the Lehman Aggregate Bond Index: Uniformed	10.07%	3.91%	NA / 10.48%	NA	NA
Fixed income return compared to the Lehman Aggregate Bond Index: Police Officers	12.76%	6.13%	NA / 9.77%	NA	NA
Outcome:					
Percent of retiree payments processed on time: Fairfax County Employees	100%	100%	100% / 100%	100%	100%
Percent of retiree payments processed on time: Uniformed	100%	100%	100% / 100%	100%	100%
Percent of retiree payments processed on time: Police Officers	100%	100%	100% / 100%	100%	100%
Deviation from actuarial rate of return (total plan): Fairfax County Employees	(7.7%)	(11.4%)	0.0% / (1.6%)	0.0%	0.0%
Deviation from actuarial rate of return (total plan): Uniformed	(10.1%)	(12.1%)	0.0% / (1.6%)	0.0%	0.0%
Deviation from actuarial rate of return (total plan): Police Officers	(10.2%)	(12.3%)	0.0% / (2.9%)	0.0%	0.0%
Deviation from S&P 500 (large cap equities): Fairfax County Employees	0.8%	0.3%	0.0% / 3.6%	0.0%	0.0%
Deviation from S&P 500 (large cap equities): Uniformed	1.5%	0.4%	0.0% / 1.5%	0.0%	0.0%

Retirement Administration Agency

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate/Actual	FY 2004	FY 2005
Deviation from S&P 500 (large cap equities): Police Officers	(3.4%)	(1.2%)	0.0% / 5.1%	0.0%	0.0%
Deviation from Lehman Aggregate (fixed income): Fairfax County Employees	0.0%	0.2%	0.0% / 2.0%	0.0%	0.0%
Deviation from Lehman Aggregate (fixed income): Uniformed	(1.2%)	(4.7%)	0.0% / 0.1%	0.0%	0.0%
Deviation from Lehman Aggregate (fixed income): Police Officers	1.5%	(2.5%)	0.0% / (0.6%)	0.0%	0.0%

(1) This indicator was previously reported separately as number of retirees and number of active members. Beginning in FY 2001, these indicators were combined and are now shown as the total number of members.

(2) This indicator was previously reported as investment costs as a percentage of earnings. However, beginning in FY 2001, the indicator was revised and now reflects the costs as a percentage of assets.

Performance Measurement Results

For the third year in a row, investment returns for each of the three retirement systems in FY 2003 were below the long-term average rate of 7.5 percent assumed for actuarial purposes. Returns were 5.88 percent for the Employees' System, 4.63 percent for Police Officers and 5.92 percent for Uniformed. These results reflect a significant decline in the stock markets combined with strong returns in both the fixed income markets and real estate investment trusts. While all three systems' returns were below the long term objective, the plans continue to perform well relative to their peers. In the universe of public funds used to assess relative performance, returns for the Employees' System and Uniformed System were in the 15th percentile, outperforming 85 percent of other public funds. Returns for the Police Officers System were in the 23rd percentile. These strong relative results reflect the investment strategies adopted by the Boards of Trustees as well as value added by external investment managers.

Retirement Administration Agency

FUND STATEMENT

Fund Type G60, Pension Trust Funds

Fund 600, Uniformed Retirement

	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Beginning Balance	\$617,625,402	\$636,601,575	\$657,361,177	\$703,037,893	\$731,692,389
Revenue:					
Employer Contributions	\$23,027,237	\$22,648,804	\$22,648,804	\$24,856,554	\$24,856,554
Employee Contributions	7,392,147	7,690,281	7,690,281	7,932,220	7,932,220
Employee Payback ¹	135,186	57,000	10,000	64,000	64,000
Return on Investments ¹	2,399,472	49,513,911	78,064,548	52,456,259	52,456,259
Miscellaneous Revenue	0	0	150,859	0	0
Total Realized Revenue	\$32,954,042	\$79,909,996	\$108,564,492	\$85,309,033	\$85,309,033
Unrealized Gain (Loss) ²	\$34,662,292	\$0	\$0	\$0	\$0
Total Revenue	\$67,616,334	\$79,909,996	\$108,564,492	\$85,309,033	\$85,309,033
Total Available	\$685,241,736	\$716,511,571	\$765,925,669	\$788,346,926	\$817,001,422
Expenditures:					
Administrative Expenses	\$563,703	\$727,321	\$727,321	\$984,229	\$984,229
Investment Services ¹	3,144,674	3,145,959	3,145,959	3,868,614	3,868,614
Payments to Retirees	23,534,433	29,592,463	29,592,463	34,315,654	34,315,654
Beneficiaries	378,125	492,537	492,537	551,346	551,346
Refunds	259,624	275,000	275,000	336,000	336,000
Total Expenditures	\$27,880,559	\$34,233,280	\$34,233,280	\$40,055,843	\$40,055,843
Total Disbursements	\$27,880,559	\$34,233,280	\$34,233,280	\$40,055,843	\$40,055,843
Ending Balance³	\$657,361,177	\$682,278,291	\$731,692,389	\$748,291,083	\$776,945,579
PC Replacement Reserve ⁴	6,064	6,874	6,874	7,684	7,684
Unreserved Balance	\$657,355,113	\$682,271,417	\$731,685,515	\$748,283,399	\$776,937,895

¹ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment of \$614,419 has been reflected as an increase in FY 2003 revenue and expenditures. FY 2003 actuals are adjusted to reflect compliance with Governmental Accounting Standards Board (GASB) Statement 28, which requires segregation of income and expenditures associated with securities lending transactions. The audit adjustment has been included in the FY 2003 Comprehensive Annual Financial Report (CAFR). It should be noted that prior to GASB 28 the retirement systems reflected net income from securities lending as part of return on investments. Additionally, \$9,159 has been reflected as an increase in revenue to correctly record bank deposits and \$222,597 has been reflected as an increase in expenditures to correctly record payments to the investment manager in the proper fiscal period.

² Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

³ The Uniformed Retirement Fund maintains fund balances at adequate levels relative to projected requirements. The fund balance fluctuates annually primarily due to interest on investments.

⁴ Computer equipment reserve established for the timely replacement of obsolete computer equipment used for retirement operations.

Retirement Administration Agency

FUND STATEMENT

Fund Type G60, Pension Trust Funds

Fund 601, Fairfax County Employees' Retirement

	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Beginning Balance	\$1,716,935,570	\$1,749,827,370	\$1,780,113,740	\$1,872,644,358	\$1,997,828,084
Revenue:					
County Employer Contributions	\$23,462,211	\$23,505,044	\$23,505,044	\$32,531,288	\$32,531,288
County Employee Contributions	18,221,152	18,771,339	18,771,339	19,597,812	19,597,812
School Employer Contributions	8,521,497	8,559,240	8,559,240	11,846,100	11,846,100
School Employee Contributions	6,748,747	7,299,965	7,299,965	7,621,371	7,621,371
Employee Payback	711,758	457,000	457,000	467,000	467,000
Return on Investments ¹	28,717,181	135,000,817	263,265,609	138,769,311	138,769,311
Miscellaneous Revenue	0	0	1,122,434	0	0
Total Realized Revenue	\$86,382,546	\$193,593,405	\$322,980,631	\$210,832,882	\$210,832,882
Unrealized Gain (Loss) ²	\$69,783,090	\$0	\$0	\$0	\$0
Total Revenue	\$156,165,636	\$193,593,405	\$322,980,631	\$210,832,882	\$210,832,882
Total Available	\$1,873,101,206	\$1,943,420,775	\$2,103,094,371	\$2,083,477,240	\$2,208,660,966
Expenditures:					
Administrative Expenses	\$1,580,561	\$1,823,107	\$1,830,537	\$3,033,946	\$3,033,946
Investment Services ¹	8,324,957	7,508,764	9,990,422	8,976,778	8,976,778
Payments to Retirees	77,696,244	86,249,114	87,786,038	97,933,633	97,933,633
Beneficiaries	1,960,687	2,060,372	1,959,529	2,399,988	2,399,988
Refunds	3,425,017	3,414,000	3,699,761	4,504,000	4,504,000
Total Expenditures	\$92,987,466	\$101,055,357	\$105,266,287	\$116,848,345	\$116,848,345
Total Disbursements	\$92,987,466	\$101,055,357	\$105,266,287	\$116,848,345	\$116,848,345
Ending Balance³	\$1,780,113,740	\$1,842,365,418	\$1,997,828,084	\$1,966,628,895	\$2,091,812,621
PC Replacement Reserve ⁴	35,856	43,416	43,416	50,976	50,976
Unreserved Balance	\$1,780,077,884	\$1,842,322,002	\$1,997,784,668	\$1,966,577,919	\$2,091,761,645

¹ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment of \$1,341,179 has been reflected as an increase in FY 2003 revenue and expenditures. FY 2003 actuals are adjusted to reflect compliance with Governmental Accounting Standards Board (GASB) Statement 28, which requires segregation of income and expenditures associated with securities lending transactions. The audit adjustment has been included in the FY 2003 Comprehensive Annual Financial Report (CAFR). It should be noted that prior to GASB 28 the retirement systems reflected net income from securities lending as part of return on investments. Additionally, \$37,932 has been reflected as an increase in expenditures to correctly record payments to the investment manager in the proper fiscal period.

² Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

³ The Employees' Retirement Fund maintains fund balances at adequate levels relative to projected requirements. The fund balance fluctuates annually primarily due to interest on investments.

⁴ Computer equipment reserve established for the timely replacement of obsolete computer equipment used for retirement operations.

Retirement Administration Agency

FUND STATEMENT

Fund Type G60, Pension Trust Funds

Fund 602, Police Retirement

	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Beginning Balance	\$573,316,655	\$591,262,734	\$591,890,729	\$625,910,913	\$656,433,690
Revenue:					
Employer Contributions	\$12,923,806	\$13,842,073	\$13,842,073	\$14,490,407	\$14,490,407
Employee Contributions	8,941,530	9,265,250	9,265,250	9,681,786	9,681,786
Employee Payback	7,188	38,000	49,567	25,000	25,000
Return on Investments ¹	(8,708,665)	45,720,736	76,231,946	46,461,410	46,461,410
Total Realized Revenue	\$13,163,859	\$68,866,059	\$99,388,836	\$70,658,603	\$70,658,603
Unrealized Gain (Loss) ²	\$35,082,797	\$0	\$0	\$0	\$0
Total Revenue	\$48,246,656	\$68,866,059	\$99,388,836	\$70,658,603	\$70,658,603
Total Available	\$621,563,311	\$660,128,793	\$691,279,565	\$696,569,516	\$727,092,293
Expenditures:					
Administrative Expenses	\$85,633	\$686,333	\$686,333	\$889,190	\$889,190
Investment Services ¹	3,250,721	2,616,983	2,616,983	3,153,013	3,153,013
Payments to Retirees	24,508,690	29,136,487	29,136,487	30,883,893	30,883,893
Beneficiaries	1,301,964	1,495,072	1,495,072	1,575,171	1,575,171
Refunds	525,574	911,000	911,000	526,000	526,000
Total Expenditures	\$29,672,582	\$34,845,875	\$34,845,875	\$37,027,267	\$37,027,267
Total Disbursements	\$29,672,582	\$34,845,875	\$34,845,875	\$37,027,267	\$37,027,267
Ending Balance³	\$591,890,729	\$625,282,918	\$656,433,690	\$659,542,249	\$690,065,026
PC Replacement Reserve ⁴	6,064	6,874	6,874	7,684	7,684
Unreserved Ending Balance	\$591,884,665	\$625,276,044	\$656,426,816	\$659,534,565	\$690,057,342

¹ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment of \$459,534 has been reflected as an increase in FY 2003 revenue and expenditures. FY 2003 actuals are adjusted to reflect compliance with Governmental Accounting Standards Board (GASB) Statement 28, which requires segregation of income and expenditures associated with securities lending transactions. The audit adjustment has been included in the FY 2003 Comprehensive Annual Financial Report (CAFR). It should be noted that prior to GASB 28 the retirement systems reflected net income from securities lending as part of return on investments. Additionally, \$174,303 has been reflected as an increase in expenditures to correctly record payments to the investment manager in the proper fiscal period.

² Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

³ The Police Retirement Fund maintains fund balances at adequate levels relative to projected requirements. The fund balance fluctuates annually primarily due to interest on investments.

⁴ Computer equipment reserve established for the timely replacement of obsolete computer equipment used for retirement operations.